All homework other than graphs should be typed.

Homework Chapter 1b- p1-8 . Due Wednesday

1. What do economists mean when they say that “there is no free lunch”? Give another example to which this statement applies.

2. (Consider This) How can the economic perspective help us understand the behavior of fast-food consumers? Explain several insights it provides about customer behavior.

3. Distinguish between microeconomics and macroeconomics by giving 3 examples of a situation that involves microeconomics and 3 examples that involve macroeconomics

4. Economics is often criticized for its lack of reliability. Discuss this using the terms ceteris paribus, positive statements and normative statements.

Homework 1c, chapter1 Due Friday rest of Chapter 1

* 1. Create a budget line, for 2 goods; choose your goods and income. Include the price of each good and state your income. Determine the slope of the curve you drew. State the relationship between the slope and the quantities on the Y and X axis.
  2. Draw a line parallel to your initial budget line that lies further from the origin. What’s the slope? What could explain the shift from the original curve to the new one?
  3. Keeping one price static and halving the other price, rotate the budget line so that the intercept on the X axis remains the same but the intercept on the Y axis changes. How did this change your potential purchases of each product

1. (Consider This) Both Oprah Winfrey or Bill Gates dropped out of college, discuss the economic justification for their respective decisions? Do you think this might apply to you?
2. “The two cornerstones of economics are the scarcity of resources and the multiplicity of wants. True economy consists of deriving maximum want satisfaction from available resources.” Explain.
3. 1. What does a Production Possibility Curve measure?
   2. Why does money play no part in the determination of the PPC?
   3. Compare the slope of a PPC that has a straight line with a PPC that is curved. What does the slope measure. What does a straight line PPC imply? What does a curved line PPC imply?
   4. What would be the impact to the PPC if the natural resources of a country doubles?